Manitoba Lotteries Corporation

Mission

The MLC's Mission is to provide a fun and entertaining gaming experience in a socially responsible manner to generate benefits for all Manitobans.

For Further Information Contact:

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SECOND QUARTER REPORT
(UNAUDITED)

FOR THE SIX MONTHS ENDED
SEPTEMBER 30, 2010

MANITOBA LOTTERIES CORPORATION
OPERATIONAL HIGHLIGHTS

Manitoba Lotteries Corporation's consolidated net income and comprehensive income for the 6 months ended September 30, 2010 was $168.4 million, an increase of $9.7 million from the same period last year. This change is due to increases of $9.9 million in the Casinos and $6.6 million in Lottery, offset by a decrease of $6.8 million in Video Lotto.

Revenue and other income, net of cost of sales, increased $25.8 million from the same period last year. Operating expenses increased $3.1 million over the same period last year. Amortization, interest and GST expenses decreased $4.4 million over the same period last year, and allocations and payments increased by $17.4 million.

CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands, unaudited)
6 Months Ended September 30th

	2010				2009
	Video Lotto	Casinos	Lottery	Total	Total
Revenue					
Revenue and other income	$167,404	$117,550	$119,851	$404,805	$383,279
Cost of sales	17,224	7,155	78,819	103,198	107,429
	150,180	**110,395**	**41,032**	**301,607**	**275,850**
Expenses					
Operating	12,626	51,279	3,523	67,428	64,344
Amortization	3,252	10,299	-	13,551	17,205
Interest expense – long-term	1,227	3,430	116	4,773	5,201
Goods and services tax	1,122	1,057	24	2,203	2,568
	18,227	**66,065**	**3,663**	**87,955**	**89,318**
Income before Allocations and Payments	**131,953**	**44,330**	**37,369**	**213,652**	**186,532**
Allocations and Payments	**38,994**	**3,022**	**3,270**	**45,286**	**27,869**
Net Income and Comprehensive Income	**$92,959**	**$41,308**	**$34,099**	**$168,366**	**$158,663**

Notes to the Financial Statements

1. These financial statements should be read in conjunction with Manitoba Lotteries' 2009-10 Annual Report.
2. These interim financial statements have been prepared following the same accounting policies as disclosed by Manitoba Lotteries' 2009-10 Annual Report.

MANITOBA LOTTERIES CORPORATION
CONSOLIDATED BALANCE SHEET
(in thousands, unaudited)
September 30th

	2010	2009
ASSETS		
Current Assets		
Cash	$ 28,462	$ 20,353
Accounts receivable	10,610	11,519
Prepaid expenses	4,332	4,346
Inventories	2,579	3,229
	45,983	39,447
Property and Equipment, and Other Assets	166,670	161,432
	$ 212,653	$ 200,879
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accruals	$ 29,428	$ 26,136
Payable to the Province of Manitoba	13,516	2,863
Current portion of long term debt	17,219	13,483
	60,163	42,482
Long Term Debt	146,589	152,753
Provision for Employee Pension Benefits	901	644
Retained Earnings	5,000	5,000
	$212,653	$200,879